

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

Pat\* 4,965,948

PATCAP, LLC  
c/o BDB AGENT CO.  
3800 Embassy Parkway, Suite 300  
Akron, Ohio 44333

Relator

vs.

PIONEER PHOTO ALBUMS, INC.  
9801 Deering Avenue  
Chatsworth, CA 91311

Defendant.

CASE NO.:

JUDGE:

COMPLAINT AND JURY DEMAND

**COMPLAINT AND JURY DEMAND**

*Qui tam* relator PatCap, LLC ("PatCap"), for its Complaint against Defendant

Pioneer Photo Albums, Inc. ("Defendant"), alleges as follows:

**BACKGROUND**

1. This is an action for false patent marking under Title 35, Section 292, of the United States Code.
2. Defendant has marked upon, affixed to, and/or used in advertising in connection with certain products the word "patent" and/or words or numbers importing that the product is patented, while Defendant knew that the articles were improperly marked. *See, The Forest Group, Inc. v. Bon Tool Co.*, 590 F.2d 1295, 1302-04 (Fed. Cir., 2009). More specifically, Defendant has violated 35 U.S.C. § 292(a) by marking articles with invalid and unenforceable patent rights with the purpose of deceiving the public into believing that such articles are covered by said patents .

3. 35 U.S.C. § 292 exists to provide the public with notice of a party's valid and enforceable patent rights.

3. False marking deters innovation and stifles competition in the marketplace. More specifically, falsely marked articles that are otherwise within the public domain deter potential competitors from entering the same market and confuse the public.

4. False marks may also deter scientific research when an inventor sees a mark and decides to forego continued research to avoid possible infringement.

5. False marking can cause unnecessary investment in costly "design arounds" or result in the incurring of unnecessary costs to analyze the validity or enforceability of a patent whose number has been marked upon a product with which a competitor would like to compete.

6. False marking deceives the public into believing that a patentee controls the article in question, and permits the patentee to impermissibly extend the term of its monopoly.

7. False marking also increases the cost to the public of ascertaining whether a patentee in fact controls the intellectual property embodied in an article. More specifically, in each instance where it is represented that an article is patented, a member of the public desiring to participate in the market for the marked article must incur the cost of determining whether the involved patents are valid and enforceable.

8. False markings may also create a misleading impression that the falsely marked product is technologically superior to other available products, as articles bearing the term "patent" may be presumed to be novel, useful, and innovative.

9. 35 U.S.C. § 292 specifically authorizes *qui tam* actions to be brought by any person on behalf of the United States government. By permitting members of the public to sue on

behalf of the government, Congress allows individuals to help control false marking when the U.S. government does not have the resources to do so.

### **THE PARTIES**

10. PatCap is an Ohio limited liability company with a mailing address of BDB Agent Co., 3800 Embassy Parkway, Akron, Ohio 44333.

11. PatCap exists to conduct all lawful business, including but not limited to enforcing the false marking statute as specifically permitted by 35 U.S.C. § 292.

12. In this action, PatCap represents the United States and the public, including Defendant's existing and future competitors.

13. Upon information and belief, Defendant is a California corporation with its principal place of business at 9801 Deering Avenue, Chatsworth, CA 91311.

14. Defendant, itself and/or through one or more subsidiaries, affiliates, business divisions, or business units, regularly conducts and transacts business throughout the United States, including in Ohio and within the Northern District of Ohio.

### **JURISDICTION AND VENUE**

15. This Court has exclusive jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

16. This Court has personal jurisdiction over Defendant. Defendant has conducted and does conduct business within the State of Ohio. Defendant, directly or through subsidiaries or intermediaries, offers for sale, sells, marks and/or advertises the products that are the subject of this Complaint in the United States, the State of Ohio, and the Northern District of Ohio.

17. Defendant has voluntarily sold the products that are the subject of this Complaint in this District, either directly to customers in this District or through intermediaries with the expectation that the products will be sold and distributed to customers in this District. These products have been and continue to be purchased and used by consumers in the Northern District of Ohio.

18. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391(b)-(c) and 1395(a), because (i) Defendant's products that are the subject matter of this cause of action are advertised, marked, offered for sale, and/or sold in various retail stores and/or on the Internet in this District; (ii) a substantial part of the events or omissions giving rise to the claim occurred in this District; and (iii) Defendant is subject to personal jurisdiction in this District, as described above.

19. PatCap brings this action under 35 U.S.C. § 292, which expressly provides that any person may sue for the civil monetary penalties imposed for each false patent marking offense.

#### **FACTS**

20. PatCap incorporates by reference the foregoing paragraphs as if fully set forth herein.

21. Upon information and belief, Defendant is a relatively large, sophisticated company.

22. Upon information and belief, Defendant has, or regularly retains, sophisticated legal counsel, including intellectual property counsel.

23. Upon information and belief, Defendant, and its related entities, have years of experience applying for patents, obtaining patents, licensing patents, litigating in patent infringement lawsuits, and marking its products with its patents.

24. Upon information and belief, throughout its history, Defendant, and its related entities, have obtained and/or maintained several U.S. patents.

25. Upon information and belief, Defendant maintains, or its intellectual property counsel maintains on Defendant's behalf, an intellectual property docketing system with respect to Defendant's intellectual property rights, including Defendant's patents.

26. Defendant knows that 35 U.S.C. § 292 prohibits a person from marking a product with an expired patent number.

27. Each false marking on the products identified in this Complaint is likely to, or at least has the potential to, discourage or deter persons and companies from commercializing competing products.

28. Defendant's false marking of its products has wrongfully stifled competition with respect to such products thereby causing harm to PatCap, the United States, and the public.

29. Defendant has wrongfully and illegally advertised patent monopolies which it does not possess and, as a result, has benefited by maintaining a substantial market share with respect to the products referenced in this Complaint.

30. Defendant has violated 35 U.S.C. § 292, which prohibits a person from marking a product with an expired patent number.

### COUNT 1

#### FALSE MARKING

31. PatCap incorporates by reference the foregoing paragraphs as if fully set forth herein.

32. The application for United States Patent No. 4,965,948 (the "'948 Patent"), titled *Bi-directional album with memo area*, was filed on May 14, 1984 and the United States Patent and Trademark Office ("USPTO") issued the '948 Patent on October 30, 1998. See Exhibit A.

33. The '948 Patent expired no later than October 30, 2007, almost 3 years ago.

34. Defendant knew that the '948 Patent expired at least as early as 2007.

35. As of September 30, 2010, Defendant continues to sell, import or offer for sale the following products (collectively, the "Falsely Marked Products") which is marked with the '948 Patent, and/or mark said product with the '948 Patent, despite knowing that the '948 Patent expired more than 2 years ago: (i) Lé Memo Bi-Directional Pocket Photo Album; (ii) Cloth Window Photo Album Style No. DA-300CBF; (iii) Cloth Window Photo Album Style No. DA-200CBF; (iv) Photo Album Style No. DA-200IYTT. *See Exhibit B* (photographs of the Lé Memo Bi-Directional Pocket Photo Album showing the '948 Patent marking, which product was purchased by PatCap in this District); *Exhibit C* (photographs of the Cloth Window Photo Album Style No. DA-300CBF showing the '948 Patent marking); *Exhibit D* (photographs of the Cloth Window Photo Album Style No. DA-200CBF showing the '948 Patent marking); and *Exhibit E* (photographs of the Photo Album Style No. DA-200IYTT showing the '948 Patent marking).

36. Defendant updated the packaging and/or labeling of the Falsely Marked Products in 2009, including its copyright notice, but, upon information and belief, purposefully continued to mark the Falsely Marked Products with the '948 Patent with the intent to deceive the public into believing that the Falsely Marked Products is covered by the '948 Patent, when it is not. *See Exhibit B; Exhibit C; Exhibit D; and Exhibit E.*

37. Upon information and belief, Defendant is selling and offering for sale additional products marked with the '948 Patent, despite the fact that said patent is expired and unenforceable.

38. Defendant regularly maintains and enforces its intellectual property rights, including initiating at least 4 patent infringement actions between 2000 and 2004. *See e.g., Pioneer Photo Albums, Inc. v. Meyer Frances, Inc.*, Case No. 2:2000-cv-00871 (C.D. Cali., filed March 10, 2000); *Pioneer Photo Albums, Inc. v. Eagle OPG, Inc.*, Case No. 2:2001-cv-06613 (C.D. Cali., filed August 1, 2001); *Pioneer Photo Albums, Inc. v. Newell Rubbermaid*, Case No. 2:2003-cv-01457 (C.D. Cali., filed

February 28, 2003); and *Pioneer Photo Album, Inc. v. Derice, Inc.*, Case No. 2:2004-cv-06751 (C.D. Cali., filed August 13, 2004).

39. Defendant knew or should have known that marking the Falsely Marked Products with an expired and unenforceable patent violates 35 U.S.C. § 292, which only authorizes marking on a "patented" article.

40. Defendant intended to deceive the public by marking or causing to be marked the Falsely Marked Products with the '948 Patent, which expired almost 3 years ago.

#### **PRAYER FOR RELIEF**

WHEREFORE, Relator, Unique Product Solutions, Limited requests the Court, pursuant to 35 U.S.C. § 292, to:

- A. Enter judgment against Defendant and in favor of PatCap for the violations alleged in this Complaint;
- B. Enter an injunction prohibiting Defendant, and its officers, directors, agents, servants, employees, attorneys, licensees, successors, and assigns, and those in active concert or participation with any of them, from further violating 35 U.S.C. § 292 by marketing, selling or offering for sale any product that is marked (including packaging) with the '948 Patent;
- C. Enter an injunction ordering Defendant to recall all products, including, without limitation, the Falsely Marked Products, that Defendant has sold, caused to be sold or otherwise caused to be placed into commerce that were marked with the '948 Patent, after the expiration date of said patent;
- D. Order Defendant to pay a civil monetary fine of up to \$500 per false marking

violation, one-half of which shall be paid to the United States and one-half of which shall be paid to PatCap;

E. Enter a judgment and order requiring Defendant to pay PatCap prejudgment and post-judgment interest on the damages awarded;

F. Order Defendant to pay PatCap's costs and attorney fees; and

G. Grant PatCap such other and further relief as it may deem just and equitable.

### **DEMAND FOR JURY TRIAL**

Relator demands a trial by jury of any and all issues triable of right by a jury in the above-captioned action.

DATED: October 1, 2010

Respectfully submitted:

/s/ David J. Hrina

Mark J. Skakun, III (No. 0023475)

David J. Hrina (No. 0072260)

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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION**

<b>Patcap, LLC,</b>	)	<b>CASE NO. 5:10 CV 2238</b>
	)	
<b>Plaintiff,</b>	)	<b>JUDGE PATRICIA A. GAUGHAN</b>
	)	
<b>vs.</b>	)	
	)	
<b>Pioneer Photo Albums, Inc.,</b>	)	<b><u>Order of Stay</u></b>
	)	
<b>Defendant.</b>	)	

Pursuant to the Consent for Stay (Doc. 10), all proceedings in this case are hereby stayed pending the determination of the United States Federal Circuit Court of Appeals on the constitutionality of 35 U.S.C. § 292(b). The case shall be reactivated only upon motion filed by either party herein.

IT IS SO ORDERED.

/s/ Patricia A. Gaughan  
PATRICIA A. GAUGHAN  
United States District Judge

Dated: 3/9/11